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SUBJECT: CHAVEZ WARMLY WELCOMES RAUL CASTRO

Classified By: Francisco Fernandez Political Counselor,  
for Reason 1.4(d).

¶1. (C) SUMMARY: Cuban president Raul Castro and Venezuelan leader Hugo Chavez signed or renewed in Caracas a myriad of bilateral agreements valued at USD 2.1 billion on December 13, during Castro's first post-succession trip abroad. Under tight security, Castro laid a wreath at the tomb of Simon Bolivar and visited Plaza Bolivar in downtown Caracas. Chavez awarded Castro the Order of the Liberator, presented him a replica of Bolivar's sword, and saw him off at the airport with full military honors. None of the available details regarding the new agreements appears to alter the Venezuelan - Cuban dynamic. Interestingly, Chavez pulled out all the protocol stops for his ideological partner, far more than he did during the visit of Russian President, Dmitry Medvedev. END SUMMARY

¶2. (SBU) President Raul Castro, publicly praised Venezuelan president Hugo Chavez, Fidel's ideological pupil and Cuba's benefactor. He also spoke in favor of Chavez's proposed constitutional amendment to eliminate presidential term limits. Although described in local media as cooler towards Chavez than his brother Fidel, Raul seemed affable towards Chavez's glad-handing style and playing the straight man in Chavez's re-telling of the Cuban revolution in coverage of the closing ceremony of the 9th Joint Venezuelan-Cuban Commission. The commission signed or renewed a broad spectrum of bilateral agreements between Cuba and Venezuela. Official press releases are confusing as to the number of agreements signed and projects contemplated, but next year will reportedly see the continuation of 137 projects and the start of 36 new endeavors valued at USD 2.1 billion. This is reported to be a 60% increase in funding over 2008. The agreements appear to make no substantive changes in the Venezuela - Cuba relationship other than adding redundant layers.

¶3. (SBU) In addition to the renewed agreements, the Commission signed three additional Memoranda of Understanding (MOU), each with the goal of supporting bilateral integration in the areas of economics, politics, technology and society. The first MOU involves the creation of a holding company, Cuvapetrol S.A.. Jointly owned by the Venezuelan Ministry of Popular Power for Energy and Petroleum and the Cuban Ministry of Basic Industries, Cuvapetrol is tasked with the creation of joint ventures for the expansion of Cuban capabilities to refine petroleum and natural gas, including the construction of a new refinery in Mantanzas with a forecast production of 150,000 barrels per day, the expansion of the Hermanos Diaz refinery to 55,000 barrels per day, and the design and construction of a natural gas plant in Cuba. The second MOU covers the creation of Guardian del Alba S.A., a socialist joint enterprise, to be headquartered in Venezuela, with joint ownership by the Venezuelan Ministry of Popular Power for Energy and Petroleum and the Cuban Ministry of

Information and Communications. Guardian del ALBA will reportedly regulate cooperation in the areas of automation, informatics and telecommunications. The final and most opaque of the MOUs is an agreement between the Cuban Ministry of Basic Industries and the Venezuelan Petroleum Chamber to support the modernization of equipment and existing technologies in Cuba. This MOU also includes a training component.

14. (C) COMMENT: Raul Castro's return to Venezuela 55 years after a visit during his student days in 1953 served Chavez's vision of Latin American integration. The vague and seemingly redundant nature of these new agreements raises doubts if they will ever see their start, let alone fruition. Castro's visit conveniently coincided with the launch of a "people's petition drive" in support of Chavez's proposed amendment to eliminate term limits. END COMMENT.

CAULFIELD